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SUBJECT: CONSUL GENERAL AND CALIFORNIA AIR EXPERT URGE
ACTION BY ENVIRONMENT SECRETARY YAU

REF: HONG KONG 2428

11. (SBU) Summary: Consul General James Cunningham and former California Environmental Protection Agency Secretary Dr. Alan Lloyd urged Hong Kong's new Secretary for the Environment Edward Yau to take action on Hong Kong's growing air pollution problems, in a meeting on September 20. The Consul General offered USG assistance, and reminded Secretary Yau of Post's Pollution Prevention and Energy Efficiency (P2E2) program. Dr. Lloyd shared relevant California case studies as possible solutions to Hong Kong's port-operation and mobile-source emission problems, noting that "deliberation is no substitute for action." Secretary Yau, in turn, reviewed Hong Kong's actions to date, and identified several forthcoming initiatives: idling engine regulations, and corporate energy efficiency support. The Hong Kong public is putting "tremendous pressure" on the government for action, and Chief Executive Tsang places great importance on this issue, but funding challenges exist, he emphasized. Yau had just finished a series of consultations in Guangdong at provincial and local levels. Yau and his staff plan to visit the U.S. in mid-January 2008, and are interested in meetings in California to discuss environmental issues and energy policy. The CG encouraged him to also add Washington and New York City to the itinerary, as each has valuable regulatory and "best practice" information to share. End summary.

12. (SBU) Comment: As the government's point person on pollution, Secretary Yau has inherited a politically difficult issue. The last couple of years have seen a substantial up-tic in public and government recognition that Hong Kong's pollution problem is serious and growing. The fact that much of Hong Kong's pollution is generated in mainland China puts the HKG in a difficult position, however. Nevertheless, although the HKG "talks up" the problem, tangible evidence of regulatory or policy initiatives remains elusive. The HKG has not revised its Air Quality Objectives since 1987, and the HKG's last notable success, the conversion of taxis to LPG, occurred in 2003. Further, CE Donald Tsang and the HKG have done little to encourage or compel the Hong Kong owners of some 80,000 factories in the mainland to take the initiative to reduce pollution. The Environment Bureau civil service staff have the technical expertise and will to develop policy, but these staff candidly convey the message that senior political leadership will be needed to execute their analysis and proposals. End comment.

13. (U) Background: On July 1, as part of the Hong Kong Government's reorganization of the cabinet structure, the

former Bureau of Environment, Transport and Works was divided into an Environment Bureau and a restructured Transport and Housing Bureau. Edward Yau was designated as the new Secretary for the Environment.

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Mixed Message on Air Pollution

¶4. (SBU) After a brief discussion regarding the day's "very-high" air pollution (recorded as one of the worst in 2007), Secretary Yau opened the meeting by relating that he had just returned from three days in Guangzhou to confer with Guangdong provincial and municipal authorities about regional and cross-border cooperation on air pollution. He also highlighted the "tremendous pressure" that the Hong Kong government feels regarding air pollution; it is not just the expatriate community that is concerned about the issue, but all of Hong Kong (Comment: A fact the HKG has long avoided. End comment.)

¶5. (SBU) Dr. Lloyd expressed sympathy for these issues and concerns, and offered examples of methods and possible solutions for Hong Kong. He emphasized stakeholder task force work that allows all interested parties to be involved in devising solutions. He went on to outline the effectiveness of using public health information as a powerful lever to create public support for environmental programs. Southern California's effective programs for reducing emissions from maritime ports and cross-border trucking from Mexico are worth reviewing for applicability in Hong Kong, opined Dr. Lloyd, and "deliberation is no substitute for action."

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¶6. (SBU) Secretary Yau responded that Hong Kong has "very high expectations", but is constrained by its location in the Pearl River Delta (PRD). Since the signing of the Memorandum of Understanding between the Hong Kong and Guangdong governments in 2002, cooperation and information sharing are improving, he claimed, and levels of the region's big four pollutants (sulphur oxides, nitrogen oxides, particulate matter and ozone) are dropping, despite the extraordinary economic growth in the PRD. Hong Kong's Environment Bureau is working with the mainland's State Development and Reform Commission and State Economic and Trade Commission to get approval for new projects. He observed that the huge investment from Hong Kong in Southern China strengthens the HKG's position "in helping them to help us."

¶7. (SBU) Secretary Yau ticked off several in-progress Hong Kong environmental successes, including: tightening emissions standards on Hong Kong's two power plants; transitioning taxis to LPG and buses to Euro IV fuel; and replacing commercial-use trucks with new and more efficient models. Looking forward, Yau detailed plans that will follow the Chief Executive's (CE) annual Policy Address in October on idling engine regulations and corporate energy efficiency support, in an attempt to impact both "the perception and reality" of the air pollution issue, intimating that the absence of idling engines regulation, while having a relatively small impact on the overall emissions inventory, is perceived by the public and green groups as an obvious example of government inaction. He said, "the CE places great importance on this issue," and it is a top agenda item.

However, he went on to say that he had just come from a meeting with the CE where he complained about the lack of needed resources to fund the Environment Bureau's programs, and this remains a challenge.

¶8. (SBU) Looking at the mainland's position, Yau identified growing PRC press coverage of environmental issues, and noted that China's national policy on environment is changing in response. For example, he said, during the recent APEC

Ministerial, results on climate would not have been achieved without "Beijing's change of heart."

HKG Open to USG Assistance

¶ 9. (SBU) Dr. Lloyd and the CG urged cooperation, offering technical expertise and assistance, and encouraging Yau and his team to keep asking "is that the best we can do?" Lloyd went on to cite a long-term study of children's health and its linkages to air pollution, and a field study of air pollutants that identified unexpected sources (i.e.

individual gas cans) as major pollutants. In both cases, California officials enacted regulations that resulted in emissions reduction. Yau expressed thanks for the offer of assistance, and mentioned that he had seen a project benefiting from P2E2-like work on his return trip from Guangzhou (Note: The CG provided Yau and his staff with the Consulate's new P2E2 promotional materials. End Note.)

¶ 10. (SBU) Yau and his staff plan to visit the U.S. in mid-January 2008, and are interested in meetings in California to discuss environmental issues and energy policy.

The CG encouraged the delegation to add Washington and New York City to its itinerary, as each city has valuable regulatory and best practice information to share. The CG offered Consulate assistance scheduling meetings for the trip, while Lloyd offered the assistance of his current organization, The International Council on Clean Transportation (ICCT), which meets in Hong Kong in November.

¶ 11. (U) Meeting participants included:

Hong Kong Government Representatives
--Secretary for the Environment Edward Yau
--Carlson CK Chan, Deputy Director, Environmental Protection Department
--Chin-Wan Tse, Associate Director, Environmental Protection Department
--Eric Chan, Administrative Assistant to the Secretary for the Environment

U.S. Representatives
--Consul General James Cunningham

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--Dr. Alan Lloyd, former California EPA Secretary and Air Resources Board Chairman, and U.S. Consulate "American Speaker" visiting Hong Kong to present a series of seminars on air pollution solutions.
--Dale Kreisher, Assistant Public Affairs Officer
--Dawn Schrepel, Economic Officer
Cunningham